SERVICES FOR SMALL BUSINESSES ON TORONTO'S RETAIL STRIPS

CITY OF TORONTO PLANNING AND DEVELOPMENT DEPARTMENT, JULY 1982

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SECOND IN A SERIES

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Prepared in co-operation with the
Information and Communication Services
Division of the City Clerk's Department

City of Toronto
Planning & Development Department

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The accompanying report concerning services for retail strip businesses was approved by City Council at its meeting on June 17, 1982.

The report is one part of the City's involvement with its retail strips and as such is being discussed with business people like yourself throughout the City.

There are basically four components to the relationship between the City and its retail strips: policy statements; land use regulations; capital budget improvements and services. Council has approved some policy statements and will consider others at a later date; Planning and Development staff are currently reviewing land use regulations on commercial streets and will submit a report later this year. Council has approved for 1982 a commercial area improvement programme using capital funds. The accompanying report on services is part of a framework regarding retail strips.

The purpose of the report is to outline some definite steps the City can take in order to further the revitalization and development of retail strip businesses. Consultation with the business community is essential in order to define the correct direction for the City to take and to produce an understandable programme that has the support of business people. Therefore, the report is being circulated to retail strip business groups for their information and comment.

Stephen G. McLaughlin,
Commissioner.

The portrait of the small business person wading through a morass of red tape, trying to cope with the demands of an uncaring government bureaucracy is a familiar one. Though an exaggeration, it does unfortunately have a basis in reality.

While the City of Toronto does not demand an inordinate amount of form filling on the part of most business proprietors, it does regulate many aspects of the small business environment: building permits; sign and parking regulations; public health laws; tourist zones; hours of business; garbage pick-up and, of course, tax collection. All of these and more fall under the City's jurisdiction.

On the plus side of the ledger, the City balances this burden with assistance for small businesses. This aid takes many forms, everything from physical improvements in areas to organizational expertise and information consultation.

The City's support of small businesses, and retail strips in particular, has been documented on numerous occasions. Perhaps the most articulate and meaningful being "Toronto's Support for Retail Strips: General Policy Proposals", published in June, 1980 by the City of Toronto's Planning and Development Department.

In this report, the City identified the qualities of retail strips as follows:

Comprised of businesses ranging in size from small, corner-store "mom and pop" operations to large, sophisticated outlets belonging to multi-unit chains, these outlets are accessible by walking and/or public transit. Their overhead is lower than that of businesses located in high-rent downtown core or mall areas; consequently their prices are extremely competitive. They provide a personal approach to service, particularly the family-owned operations, and are perceived as part of the neighbourhood by their customers.

Major problems common to the estimated 10,000 businesses located on the City's commercial thoroughfares include:

- Lack of organization, aggravated by the independent nature of the business people involved;
- Limited advertising budgets and promotional expertise;
- A general lack of capital and entrepreneurial skills;
- And the most often voiced concern, inadequate parking.

Effectively assisting retail strip occupants to overcome these and similar problems is dependent on establishing a close working relationship between the private and public sector. One based on mutual co-operation and trust. Major steps towards this all-important goal have already been made in Toronto as a result of the City providing a variety of tangible and meaningful aids.

Business groups have shown considerable interest in taking advantage of the City's assistance. Consequently City employees have gained valuable experience in working with merchants. Considering these factors and the City's stated long-term support, the time appears right to examine the

future role civic government will play in the development of Toronto's retail strips.

Following is a list of services which the City directly controls, such as parking and building permits, and those resources which City staff can co-ordinate and draw upon to provide businesses with survey information, organizational talents and consultative advice.

Open Evenings For Your Convenience

The site office for small-scale residential building permits has been in operation for a number of years and is an acknowledged time saver for City homeowners. No comparable service previously existed for processing small-scale commercial permits. The City's Buildings and Inspections Department has proposed the operation of a small-scale commercial permit processing operation from its site office at 75 Elizabeth Street. This service will operate during the evenings, beginning August 5, 1982, for an eight week trial period. If successful the office could be expanded. It has the potential to expedite alterations and improvement requests for retail strip buildings.

Lasting First Impressions: Non-Residential Standards By-law

This By-Law regulates commercial building conditions including those aspects which relate to appearance. Because physical appearance is critical to attracting and maintaining customer traffic, the implications and characteristics of this legislation should be explained to interested business groups and merchants' associations. This could be achieved through staging informative workshops or preparing promotional literature.

Room with a View: Commercial Strip Housing

Retail strips with their proximity to services and public transit represent one of the most underutilized and least appreciated forms of housing in the City. Given high mortgage rates which deter homebuyers and the very low vacancy rate for rental accommodation, the value of retail strip housing is significant.

Before the goal of complete utilization of retail strip housing can be attained, two key issues must be addressed:

1. Conversion of vacant commercial land/buildings into residential housing.

2. The creation of new residential units.

A separate report will propose zoning changes that if approved would facilitate increased residential density on retail strips. These zoning changes are designed to encourage new housing and conversion of vacant commercial space above stores to housing use. Once approved, these zoning changes should be heavily publicized to make property owners aware of the advantages associated with creating and converting to residential use. Increased housing on retail strips will have the added bonus of creating new customers for local merchants.

Property upgrading and residential housing on commercial streets could be the subject of a series of workshops, with City staff outlining the merits of the concept to members of the business community. The City experienced considerable success when it held workshops for Neighbourhood Improvement Programme tenants and homeowners during 1976-1977.

Retail Enemy Number One: Inadequate Parking

Inadequate retail strip parking is one of the most contentious and frequently voiced complaints of the City's merchants. There is often debate as to how much is needed, where it should be located and who should pay for it. In short, solving the commercial strip parking problem is an expensive and daunting proposition.

This is not to say the City of Toronto has metaphorically thrown its hands in the air and abandoned the problem. Quite the opposite. Public Works and Planning and Development personnel work closely with the Toronto Parking Authority to develop and implement solutions. However, demand is high and manpower and budgets are limited. The need for a comprehensive study of retail strip parking requirements has been identified by the Planning and Development Department and it is hoped that a major study can be initiated in consultation with the Public Works Department within the next year. There are, however, two related problems associated with loading vehicles on retail strips that should be addressed in the interim.

Rear lane access does not always exist for retail strip outlets. This is particularly true in older parts of the City. While new laneways can be created, it is a time consuming, costly and often frustrating exercise. Meanwhile, many strip merchants with daily deliveries, such as grocery stores, florists and others are forced to load and unload delivery vehicles on the main thoroughfare. Not only does this add to traffic problems and create potential accident situations, it also ends up with many retailers paying frequent parking fines because of a lack of legal parking spaces.

The feasibility of establishing loading zones as one solution to the retail strip parking dilemma should be studied by the Department of Public Works in consultation with Planning and Development.

New Beginnings: Business Improvement Areas

The Government of Ontario passed legislation in 1969 giving municipalities the power to designate local communities Business Improvement Areas (BIA's). Under the BIA concept, a business community can request to be identified as an improvement area by its municipal council. Once this is done, the business group can develop and undertake beautification and promotion programmes with the full support of their municipal government. The funding for these improvements comes from a special levy which is applied to the taxes of all businesses within the pre-determined BIA district. Budgeting and implementation of these improvement campaigns are controlled by a BIA board of management, comprised of area business people and local politicians.

The province's first BIA was Toronto's Bloor West Village, established in 1970 with a budget of approximately $45,000. A decade later, there were nine BIA's in Toronto with combined operating budgets of over $200,000. Projections call for a dozen BIA's by 1982 with funding approaching $500,000.

BIA's are not the panacea for all retail strips. Their success to date is mainly due to the willingness of BIA business groups to spend money on revitalization and promotion projects, a commitment the City should encourage at every opportunity. City personnel already perform design, administrative and budgetary consultative work for BIA's. The limited amount of funding available for BIA projects, however, hampers revitalization efforts.

This situation creates an unfavourable environment for achieving significant streetscape improvements. One proposal to improve this is for the City to provide capital grants that match funds accumulated by BIA's. This concept could also be extended to funding marketing and promotion programmes. Unquestionably, this would be a major incentive for merchants to participate in the BIA programme.

This approach would also place a certain demand on the City budget for funding. We are not proposing at this time that the City commit itself to any specific figure. However, we are suggesting that this proposal be raised with merchants' groups in the City for two purposes: (1) to ascertain the degree of support by businessmen for the promotion and marketing of BIA's; (2) to determine the budget implications and implementation problems of such a programme so that any necessary recommendations can be made with respect to the City's 1983 budget preparations.

Another issue related to capital improvements on retail strips that requires immediate review is that of maintenance. The question of who takes care of what is confused. On Yonge Street for example, City departments maintain improvements such as street furniture, while in other areas it is the responsibility of the merchants themselves. The Commissioners of Public Works, City Property and Parks and Recreation should be consulted regarding this matter with a view to establishing a clear cut policy.

Information Gathering and Dissemination: The City's Role

Accurate, up-to-date information on subjects such as market trends, price competition and customer shopping patterns is worth its weight in gold to business planners. Obtaining this kind of knowledge requires expertise, organization and manpower, factors usually beyond the budgets of many small retail strip merchants. Here is a crucial area where the City can provide meaningful assistance.

In addition to utilizing in-house staff, the City can draw on its contacts with educational institutions such as Ryerson Polytechnical Institute, York University and the University of Toronto to provide the methodology and manpower for conducting retail strip research.

A perfect example of this kind of co-operation was a price comparison survey of six Toronto retail strips conducted by Ryerson students under the supervision of Planning and Development staff. The findings of this survey revealed that retail strips offered merchandise at lower prices than

the Yonge-Eglinton Centre and Yorkdale. Low-cost customer attitude surveys have also been completed for the Danforth retail strip, again utilizing students under the City's direction.

In addition to gathering information, the City can also act as a conduit for the sharing of knowledge among the City's business groups. Successful promotions, survey results and market trend analyses can be distributed, providing examples for improvement. Municipal employees can also advise retail strip merchants of federal counselling services such as CASE and the Federal Business Development Bank.

This kind of activity should be co-ordinated with other efforts to promote and revitalize retail shopping areas.

The Bottom Line: Capital Improvement Contributions

The concept of the City contributing toward commercial strip improvements is already an established practice. There has, however, been considerable variance in the amount of financial commitment and type of project undertaken. The range of improvements has extended from tree plantings and sidewalk repairs to the major expenditures associated with the Yonge Street Redevelopment Programme. Until last year, no one department within City Hall had been given overall responsibility for co-ordinating this area. Likewise, sources of funding for these improvements have included the Community Service Contribution Programme and departmental budgets.

If the City's retail strips are to be fully developed, there is a need to define an overall strategy for commercial area improvements. Therefore, the capital budget proposal of the Planning and Development Department for this year has put forward such a strategy. A complete list of eligible projects and priority improvement tasks has been compiled. It is the intention to create a financing system which is flexible enough to respond to the needs of the City's commercial areas.

Implementation Policy: Promotion and Manpower

Many of the retail strip improvements achieved to date have been the result of City employees working closely with area business people.

Based on this experience some observations can be made regarding our interactions with retail strip merchants. The first and most important is that the City's efforts are best directed towards those retail strips where business groups have indicated a desire to revitalize or further develop their areas. These groups are generally the most receptive to ideas and tend to be most motivated. There are presently no clear criteria for the selection of retail strips that would merit special attention or funding assistance. We are not proposing at this time any guidelines or criteria, however there are some factors to consider on this issue. The expected economic benefit from a programme of marketing and promotion would be one practical determinant. Some retail areas may be operating close to their economic potential and would benefit less than others from a concerted promotion effort. The importance of a retail strip to its surrounding community has a subjective value that could be evaluated along

with economic factors. In addition, merchants themselves will have ideas on this matter that should be taken into consideration. When a more defined and fully developed programme is proposed, Council should consider this subject carefully. It is important that the process of economic development of retail strips be as accessible as possible and that it have the full support of merchants.

An effective businessmens' organization is essential in the development of a retail strip. Those organizations that have strong leadership and good communication among their membership are best able to plan and implement effective programmes of promotion and improvement. Planning staff have assisted business groups with organizational problems from time to time and this is a useful role to continue. To assist the process of building healthy organizations, it would be useful to develop an information campaign to advise Toronto business groups, merchants' associations and individual business people of the City's commitment to supporting commercial development. It is important that we do not promise more than we can deliver. Therefore, the details and presentation of information will be carefully considered. Seminars to discuss promotion and marketing techniques could also be a useful tool to help build organizations. Ultimately the organization of merchants' groups into a committee or committees of a city-wide nature is a desirable objective. Such a structure would serve to focus attention on common problems, provide a forum for the exchange of ideas and information and serve as a vehicle for communication between the City and merchants.

As mentioned previously, staff have been involved with retail strips and have worked with merchants' groups on a number of occasions. There are both centralized and decentralized roles to play in this field. The intention within the Planning and Development Department is to have the centralized functions act as both a resource for area staff and merchants' groups and to initiate and co-ordinate activity on a city-wide basis. Using a team approach should utilize existing resources productively and enable a flexible response to retail strip problems. The composition of the team will depend on the issues involved. One merchants' group may require assistance in undertaking physical beautification projects while an other may be more in need of promotion or consultative guidance.

In conclusion, it is useful to review the main points of this report and to outline its primary purpose. There are features of the report that involve some changes to government procedure, such as instituting a faster building permit service and possibly increasing the number of loading zones in the City. If these changes prove to be useful, they can be adopted as a provision of better service for a part of the City's population.

The other features of the report involve more than a provision of better government service. They are tools that will involve the City much more directly with economic activity on retail strips. The rationale behind retail strips is to participate in economic activity and to provide jobs and incomes. Therefore, the goal of preserving and promoting retail strips is largely an economic one. Having recognized this the step taken in this report is to identify the tools and their application in order to achieve the goal. This step needs to be reinforced through contact with the business community and further defined so that it takes form as a programme. Therefore, we are recommending that Commissioner McLaughlin report back to Council later this year on the details of this programme and any necessary budget allocations pertaining to the 1983 budget year.

Recommendations:

1. That Council authorize the Planning and Development Department in consultation with the City Clerk's Information and Communication Services Division to create and implement an information programme aimed at advising the City's business community of the services available to assist retail strip rejuvenation.

2. That the Commissioner of Planning and Development be authorized to report further on the implications of providing matching funds for certain capital improvements and marketing studies associated with Business Improvement Areas.

3. That the Commissioner of Buildings and Inspections provide an updated report on the pilot project for expediting small commercial building permits.

4. That the Commissioner of Planning and Development be authorized to sponsor, in consultation with other appropriate City departments, seminars and workshops aimed at assisting retail strip revitalization.

5. That the Commissioner of Planning and Development, in consultation with the Commissioners of Public Works, Parks and Recreation and City Property establish a single policy regarding maintenance of street furniture on retail strips in the City of Toronto.

6. That this report be distributed to appropriate merchants' organizations in the City of Toronto.

7. That the Commissioner of Planning and Development be requested to report to Council before the end of 1982 on further aspects of the programme to revitalize and develop retail strips and any necessary budget allocations as a result of this programme.

8. That the Commissioner of Public Works in consultation with the Commissioner of Planning and Development report on the establishment of additional loading zones at appropriate locations in the City.

Some of these recommendations are already being implemented. The Buildings and Inspections Department has initiated a pilot project for expediting small commercial building permits. The establishment of a single policy regarding maintenance of street furniture on retail strips in the City will hopefully be completed before the end of this year.

This report is being circulated to retail strip merchants' associations. A staff member of the Planning and Development Department will also be contacting these associations. It is expected that a process of consultation and discussion concerning the development of the City's retail strips will indicate further steps that need to be taken. These matters will be reported to City Council before the end of the year.